CASCADE
NO. 92 SUMMER 2016
COMMUNITY DEVELOPMENT STUDIES & EDUCATION

BankWork$ Gives Underemployed Residents Access to Entry-Level Banking Positions*

By Keith L. Rolland, Community Development Advisor

Low-income residents facing employment barriers are obtaining entry-level job opportunities in the banking industry through a program launched 10 years ago in Los Angeles. The program, BankWork$, is undergoing a planned national replication.

The eight-week program focuses on banking industry culture and behavior; soft skills, such as on-time attendance and dress code; and communications skills, such as listening, developing trust, and empathy, which are important in customer interaction. The curriculum also includes information on bank regulations, products and services, and sales and networking techniques. The program is conducted three days a week, enabling residents to work while they participate, and there is no financial cost to participants.

BankWork$ was launched following discussions between Les Biller, a retired chief operating officer at Wells Fargo Bank, and Jewish Vocational Service (JVS) of Los Angeles, which operates job training programs. In 2006, JVS recruited Lisa Meadows to establish the BankWork$ programs and develop the curriculum. She had previously been a senior vice president at Comerica Bank and vice president with Union Bank, and had obtained a teaching credential before starting a banking career.

Meadows, associate director of BankWork$ at JVS, said that a lack of soft skills prevents many people from obtaining positions in banking. Meadows said that many BankWork$ participants "are transformed in their self-confidence as well as in their poise, maturity, and sense of accomplishment." Liudmyla Evans, a graduate of the BankWork$ Seattle program who was hired as a teller and promoted to universal banker in less than a year, recalled: "Mercedes [the instructor] taught us how to build trust, how to be a team player, how to look, and what to do to meet your goals and become successful."

Meadows and four staff members coach, mentor, and instruct participants and continue coaching and mentoring after graduation. Meadows said that participants are "juggling a lot of challenges," such as child care and transportation, and receive assistance with these needs as well as with remedial skills when necessary. JVS prepares participants for job interviews, helps participants obtain proper attire for interviews if necessary, and sometimes refers participants to other job training programs managed by the nonprofit.

BankWork$ trains participants for positions as bank tellers, customer service representatives, relationship bankers, and personal bankers, and Meadows points out that program participants have "tremendous opportunities for growth and advancement" in the banks that participate in the program.

Colleen Anderson, executive director of BankWork$ who previously held senior positions at OneWest Bank, Greater Bay Bancorp, and Wells Fargo Bank, said, "We've fused banking industry experience with job training expertise to create opportunities for people from underserved communities."

Origins

In 2006, Biller had a keen interest in vocational training and education. He served on the boards of directors of two nonprofit organizations and wondered whether there might be employment possibilities in banking for young people who were unemployed or underemployed. He was interested in positions that had consistent high demand in many banks, so he contacted other bank leaders and initiated a survey of large banks in Los Angeles that showed a strong annual demand for teller and customer service positions. The Sheri and Les Biller Family Foundation provided initial funding to start BankWork$ as a pilot program with the support of five Los Angeles banks (13 banks currently participate), and JVS used its network of individual, foundation, and government funders.

Biller observed: "One of the critical elements in success is good luck.

* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

Federal Reserve Bank of Philadelphia

Someone sees something in an individual and provides an opportunity." BankWork$ strives to "open a door" to employment opportunities for residents who don't know how to start and advance in a career, he said.

Recruitment and Selection
Participants typically learn about BankWork$ from past graduates, bank partners, and the public workforce system. Applicants are given a phone interview and an in-person interview and are asked to write an essay on why they want to be a banker.

Applicants must have at least six months of customer service and sales experience (many have worked in fast food or other retail industries) and must be computer literate. They must have a high school diploma or GED and demonstrate proficiency at a ninth grade reading level and a seventh grade math level.

Applicants must also be bondable at a bank; that is, they must have never been convicted of a crime involving dishonesty or breach of trust, explained a BankWork$ representative.

Replication
BankWork$, which has a three-member staff in Los Angeles responsible for program replication, has an advisory board of senior leaders in the banking and financial services industry.

A local nonprofit vocational training or workforce development partner conducts the eight-week sessions and hosts a graduation and job fair. The same curriculum is delivered in each city, although the classroom instruction has changed to reflect an increased bank focus on sales and service as well as the growth of mobile banking.

BankWork$ was expanded in 2011 to Seattle, where training is delivered by YWCA Seattle King Snohomish. In 2014, BankWork$ received $4 million from Bank of America, U.S. Bank, Wells Fargo Bank, and the Sheri and Les Biller Family Foundation to expand to 12 to 15 cities in five years. The program was subsequently introduced in San Francisco in 2015 and in Phoenix and in Portland, OR, in January 2016. BankWork$ is expanding to Houston, Denver, and Chicago in 2016 and expects to expand to the East Coast by 2017.

In each new location, BanksWork$ signs a licensing agreement for its curriculum materials and training program with a local nonprofit vocational training provider. BankWork$ manages the program's brand and materials, aggregates performance data, and supports program fundraising of local training partners. BankWork$ sets an initial target that program costs will be covered by area banks (40 percent), government agencies (40 percent), and foundations (20 percent). The actual mix of funds varies by location.

Track Record
Of the 2,130 people who started at BankWork$ in Los Angeles, Seattle, San Francisco, and Phoenix, 72 percent completed the program, according to BankWork$ data (Table 1). Of the program graduates, 71 percent were hired by banks. The retention rates for 1,090 program graduates hired by banks are 83 percent at six months and 70 percent at 12 months. Biller and Meadows say that there are better retention rates for BankWork$ graduates than for many other people hired for the same positions.

Salaries of BankWork$ graduates vary according to market and starting position. Full-time positions average $30,000 to $35,000 plus benefits, according to BankWork$.

Participants range in age and background and include immigrants and veterans. Of the BankWork$ participants in 2015, 86 percent were from an ethnic minority, 76 percent were female, and 73 percent were between the ages of 18 and 34 years, according to BankWork$.

Of the 2015 graduates who were hired by banks, 64 percent obtained full-time positions and the balance obtained part-time positions, Anderson explained. Many of those who obtained part-time positions had opportunities to advance to full-time positions after they had demonstrated good performance, she said.

Table 1: Program Outcomes

Program Outcomes as of March 31, 2016					
	Day 1 Participants	Number of Graduates	Graduation Rate	Hired by Banks*	Bank Placement Rate
All Markets	2,130	1,525	72%	1,090	71%
Program Outcomes: 2015					
	Day 1 Participants	Number of Graduates	Graduation Rate	Hired by Banks*	Bank Placement Rate
All Markets	352	258	73%	193	75%

In 1Q2016, the graduation and placement rates are trending higher, with a 74% graduation rate and a 78% placement rate.
*Definition of "hired by banks" is "day 1 successfully completed." An additional 10 percent of graduates are placed in jobs outside the banking industry.
Source: BankWork$

Bank Involvement
Area banks provide annual funding to their local nonprofit partner; give presentations to program participants; and attend BankWork$ graduations with family, friends, and program supporters.

Bank recruiters attend graduation ceremonies and meet with graduates in job fairs that take place immediately after graduation.

John Sotoodeh, regional bank executive of Wells Fargo's Southwest region, said that BankWork$ produces "highly trained team members that reflect the community where they live and work and deliver an excellent customer experience. …" He added: "We have hired well-trained and highly qualified BankWork$ graduates in every one of the markets where the program currently operates, and many of them continue to see their careers progress due in part to the opportunities and experience this program offers."

For more information, contact Colleen Anderson at colleen@bankworks.org, or visit www.bankworks.org.

A graduate of the BankWork$ program in Los Angeles meets a bank recruiter at a job fair after a graduation ceremony. Credit: Ann Bogart, Jewish Vocational Service of Los Angeles.

After Dominique Satterwhite graduated from BankWork$ in 2013, he was hired by Bank of America as a teller, had two promotions, and is now a personal banker. He had worked as a shift manager in a fast food location before entering the BankWork$ program. Credit: Ann Bogart, Jewish Vocational Service of Los Angeles.

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CASCADE: NO. 92, SUMMER 2016

Coalition Helps Returning Citizens Move from Corrections to Communities*

By Sydney Diavua, Community Engagement Associate

A number of state and local agencies in Pennsylvania are partnering to support the successful transition of ex-offenders who are returning to communities. This partnership ensures compliance with parole and supervised release requirements and makes meaningful connections to housing, training, and employment that can help reduce the likelihood of reoffense.

Lancaster Re-Entry Management Organization (RMO)

The Lancaster RMO was founded in 2005 to provide coordinated direct services to individuals returning to Lancaster County communities from incarceration in local, state, and federal prisons. A coalition of more than 50 nonprofit organizations, faith-based groups, and local and state government agencies, the RMO was created to break through silos of disconnected services for returning citizens and to address their complex needs and the barriers they face.

Lancaster County organizations working in partnership with the Lancaster Re-Entry Management Organization celebrated National Reentry Week April 24–30, 2016.

The RMO, which has its offices located in the probation and parole offices in Lancaster, recognizes that many "returning citizens" — as the organization refers to its clients — experience a multitude of challenges, including a lack of adequate housing, substance abuse and mental health issues, unemployment, and financial stress. The RMO also advocates for systems and policy changes as these individuals will also likely encounter policy and legal barriers to housing and employment based on their past offenses.[1] To address these complex needs, the RMO provides reentry classes inside Lancaster County Prison, a returning citizens mentoring support group, a "compassion fund" that provides financial support for short-term needs, an intensive reentry program, and access to partner agency services and programs.

As an example of the coalition's work, from 2014–2015, the RMO served 34 clients in its intensive reentry program[2] at an average cost of $2,907 per client, compared with an average cost of $7,390 to incarcerate individuals during that same period. In addition, in that same period, the RMO was successful in keeping 85 percent of those clients crime-free and 62 percent incarceration-free.[3]

Employment Training and Search Support for Returning Citizens

One of the RMO's core activities is to provide job search and employment services coordinated through the reentry services and employment program of the PA CareerLink of Lancaster County.[4] The program includes a series of evaluations and occupational skills training exercises that lead clients with a criminal background to employment. Critical to the process is a reentry employment specialist who takes a one-on-one approach with each individual to identify aptitudes and skills and employer partners.

The RMO helps develop relationships that support each individual's job placement and that encourage employers to become a second chance employer. The RMO's executive director, Melanie Snyder, recalls approaches used to engage employers early in the program's development.

"The workforce investment board [WIB] director examined the projections of the number of baby boomers who would be retiring and said that employers cannot afford to overlook people with criminal backgrounds," she said. "He asked employers if they would hire people with a criminal background and their initial answer was no."

Snyder said the WIB director then asked what skills were missing in the local workforce, and whether employers would be willing to hire ex-offenders if the WIB created short-term certifications in the skills that employers said were needed and if ex-offenders obtained those certifications.

"To that question, employers said yes," said Snyder.

Snyder notes that clients must make a significant time commitment to successfully complete the PA CareerLink reentry employment program, although they can go through the program at their own pace. Clients must first participate in workshops on finding work, resume writing, applying and interviewing for positions, and career planning, and must provide supporting documents such as a driver's license or state identification, birth certificate, and Social Security card. Clients then complete a PA CareerLink program called Ready2Work and obtain a career-readiness certificate that confirms mastery of foundational and job readiness skills. After completing Ready2Work, clients have the option of enrolling in occupational skills trainings to give them the hard skills local employers need. A reentry specialist then helps identify suitable job opportunities. Some employers attend the final day of occupational skills trainings and interview prospective workers at the end of classes.

The PA CareerLink reentry employment program placed 192 people from all of the RMO programs into jobs with an average wage of $11.18 an hour, according to the RMO's 2014–2015 annual report.[5] The program has had a large amount of success in placing job seekers in the manufacturing industry in roles related to forklift driving, manufacturing, logistics, and warehouse management, as well as in the construction industry. Snyder notes that different regions will have different key industries that offer opportunities for returning citizens, but that the crux of the work comes down to developing relationships with employers willing to take a chance on returning citizens.

Creating New Partnerships to Address Unmet Needs

Although the RMO has created a notable collaborative approach to reentry, there are opportunities for additional partnerships to help address unmet needs of returning citizens. RMO clients often need access to basic financial services and small consumer loans to help with security deposits or work-related expenses. Snyder cites the importance of banking partners to the coalition's work and says that the RMO "refers clients to BankOn Lancaster[6] to address pressing financial literacy and banking access needs." She notes that there are opportunities for financial institutions to build partnerships with the RMO and other reentry coalitions.

Expanding the Breadth of Reentry Coalitions

Coalition building is challenging. Each agency has different goals and priorities and there are conflicting program requirements and funding needs. There is a need to develop trust among partners and to ensure that decision makers are at the table when forming reentry coalitions. Different terminology can sometimes be a challenge to these partnerships as well. For example, the RMO had a series of conversations to determine how to refer to clients served, eventually settling on the term "returning citizen." At present, several Pennsylvania state initiatives are providing support and coaching for the development of new reentry coalitions.

Currently, there are approximately 12 reentry coalitions across Pennsylvania.[7] Of those, Snyder has served as a strategic planning consultant to help support the creation of eight reentry coalitions, including two in York and Fayette counties that are in the early developmental stages.[8]

The Pennsylvania Commission on Crime and Delinquency[9] is supporting the creation of additional reentry coalitions in other locations similar to the Lancaster model. In March 2016, the commission released a request for proposals (RFPs) to apply for $5.4 million in funds from the federal Edward Byrne Memorial Justice Assistance Grant Program.[10] According to the release, local government units and nonprofit organizations may apply for funding to "increase the efficacy of state and local planning efforts through interagency planning and collaboration" to support reentry efforts.[11]

The Pennsylvania Department of Corrections and the Pennsylvania Department of Labor & Industry's Office of Vocational Rehabilitation are also hosting training events for offender workforce development specialists to increase the capacity of local PA CareerLink offices and to support the employment and training needs of this population.[12] In addition, representatives and other reentry coalition directors are meeting with leaders in different sectors to share the experiences of the coalitions and provide guidance on the formation of new reentry coalitions.

Resources

To learn more about the Lancaster Re-Entry Management Organization, visit www.lancastercountyreentry.org or contact Melanie G. Snyder, Executive Director, Lancaster County RMO, at melaniegsnyder@gmail.com.

To learn about the Council of State Governments Reentry Policy Council, visit https://csgjusticecenter.org/reentry/about/ and read their report, *Integrated Reentry and Employment Strategies: Reducing Recidivism and Promoting Job Readiness*, at https://csgjusticecenter.org/wp-content/uploads/2013/09/Final.Reentry-and-Employment.pp_.pdf.

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1 Information on the collateral consequences of criminal convictions for returning citizens in the state of Pennsylvania can be found by visiting the American Bar Association's National Inventory of the Collateral Consequences of Conviction, available at: www.abacollateralconsequences.org/agreement/?from=/search/?jurisdiction=41.

2 This is one of six RMO programs. The RMO Intensive program involves case management for people at medium to high risk of recidivism. The program, which focuses on goal setting, accountability, and moving clients toward self-sufficiency, includes transitional housing; intensive case management; drug, alcohol, and mental health evaluations; foundational skills assessment; legal advocacy; reentry employment services; and other resources to help the client become successful. Learn more about the program by visiting www.lancastercountyreentry.org/images/stories/presentations/RMO_Overview%20of%20organization_activities%20and%20outcomes_EBP%20focus.pdf.

3 Clients can become reincarcerated without committing a new crime if they violate a condition of parole or probation-supervised release. See Lancaster County Re-Entry Management Organization. Annual Report, 2014–2015. Lancaster, PA, 2015, available at http://lancastercountyreentry.org/images/news/Prison_Board_Rpts/20150820_Prison Board Report_RMO Annual Report_FY 2014-15_REVISED 2015085.pdf.

4 For more information on the PA CareerLink in Lancaster County and the reentry services and employment program, visit www.jobs4lancaster.com/72-april-2014/164-re-entry-customers-striving-for-success.

5 See the Lancaster County RMO's annual report, 2015.

6 See http://www.uwlanc.org/BankOn

7 For more information on the breadth of reentry services in Pennsylvania, see the Pennsylvania Department of Corrections Reentry Services Map, available at http://reentrymap.cor.pa.gov/.

8 Other counties and localities include Lackawanna, Centre, Lebanon, Franklin, and Carbon Counties, and the City of Chester.

9 To learn more about the commission, visit www.pccd.pa.gov/Pages/Default.aspx.

10 The Edward Byrne Memorial Justice Assistance Grant Program provides states, tribes, and local governments with critical funding necessary to support a range of program areas including law enforcement, prosecution, indigent defense, courts, crime prevention and education, corrections and community corrections, drug treatment and enforcement, planning, evaluation, technology improvement, and crime victim and witness initiatives. To learn more about the program, visit www.bja.gov/ProgramDetails.aspx?Program_ID=59.

11 See 2015/16 JAG Single Solicitation Local Initiatives, available at www.pccdegmis.state.pa.us/pccd_egmis/Public/OpenAnnouncements.aspx.

12 See http://www.pawork.org/event/offender-workforce-development-specialist-owds-training/.

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Capital for Communities: Financing Human Capital Through Income Share Agreements*

By Noelle S. Baldini, Community Engagement Associate

Outstanding federal student loan balances in the U.S. exceed $1.2 trillion, and many believe rising student loan delinquencies represent an emerging crisis for students and the broader economy.[1] Income share agreements (ISAs) have been identified as a new potential source for financing higher education, making important investments in human capital improvements while limiting some of the debt burden placed on students. This article will explore why some believe that alternatives to traditional student loans are needed and will also examine the promising solutions ISAs could bring to students and the economy as well as explore their potential challenges.

The Need for New Options

Currently, total student loan debt in the U.S. outweighs all other types of debt except home mortgage loans. Outstanding student debt has tripled in the last 10 years, and increasing default rates are a widespread concern.[2] Research from the Federal Reserve Bank of New York has suggested that growing student debt burdens may impede younger borrowers from moving into homeownership.[3] High student loan debt levels increase a borrower's debt-to-income ratio and make it more difficult to qualify for a mortgage.

Some students do not complete school or do not obtain the income they had expected after graduating, yet are left with the costly debt of their investment in education. The federal government has taken steps to address this risk faced by many students by introducing income-based repayment plans. These plans cap monthly loan payments at 10 percent of current income over a period of 20 years, and over 10 years for government and nonprofit jobs. The remaining debt is forgiven, although it is treated as taxable income.[4] Though this solution eases some of the burden for borrowers, income-based repayments shift the risk to the federal government, costing taxpayers billions of dollars in forgiven debt. Additionally, this solution provides little incentive for academic institutions to control the rising cost of tuition.[5]

The Concept: Income Share Agreements

ISAs are a financial product through which a student receives capital to cover higher education expenses in exchange for an agreement to pay a percentage of their future income for a set period of time. After the agreed-upon term concludes, the payments cease even if they did not fully cover the initial investment. Likewise, payments continue through the end of the agreed-upon term even if the total payments outweigh the original investment. ISAs, which are essentially equity investments in students rather than loans to students, shift the risk of labor market outcomes and future earning potential from students to investors. Investors typically invest in pools of students so as to diversify the risk of one particular student's success.

This concept involves investors assessing risk based on the major chosen and university attended, and determining pricing based on the projected future earnings of the student. For example, ISAs will ultimately cost the student less if the chosen degree is expected to yield higher future earnings or if the degree program has a lower cost. Alternatively, ISAs will require a higher percentage of income or set a longer payment period for students who choose relatively expensive degree programs or degrees that have lower expected future earnings, as seen in the degree comparison example below from Purdue University's Income Share Agreement Comparison Tool. The tool allows users to determine what their income share would be based on their degree program and expected graduation date and also compares the most common education financing options considered by students who are also investigating ISAs.[6]

Major	Aero & Astro Engineering	History
Projected Starting Salary Upon Graduation	$60,000	$35,000
Income Share (i.e. Annual Percent of Future Income)	3.3 percent	4.74 percent
Term	92 months	112 months

Note: Both estimates are based on an ISA of $11,000.

Advocates of ISAs stress that, unlike traditional student loans, this product may cause students to ponder their expected return on investment when choosing a school or a major since those decisions will directly impact the cost of financing their education. Additionally, if the market for ISAs were to grow, this type of data would hypothetically become more available to both investors and students and could ultimately lead to institutions controlling the cost of tuition by keeping prices in line with value or by pricing degrees differently depending on their expected return on investment.[7]

ISAs are not a new concept. The idea was originally credited to Milton Friedman in the 1950s.[8] Though not widely used in the U.S., this concept is popular in countries in South America as well as Australia. Lumni,[9] an organization that has funded thousands of ISAs in international markets, is now offering ISAs in the U.S.

Recently, Purdue University announced a new initiative in partnership with Vemo Education[10] and 13th Avenue Funding[11] and, in Fall 2016, will become the first American university to make ISAs available to students.[12] In the case of Purdue, and potentially other mission-oriented investors, excess earnings from those who graduate and go on to earn a significant income will be placed back into the fund to compensate for the shortfall from students who fail to graduate, enter less lucrative fields, or have trouble obtaining employment after graduation, as well as to finance future agreements.

Potential Challenges

One common critique of ISAs is that students who pursue majors leading to lower-paying jobs, including jobs that yield high social return such as public service careers, are less likely to get ISAs that have more attractive terms than traditional financing.

With current federal subsidies for student loans, ISAs may be an attractive option only to those currently seeking private loans. ISAs could become a popular option at schools that do not offer federal loans, such as some community colleges[13] and for-profit colleges,[14] and short-term career "boot camp" programs that do not currently qualify for federal aid.[15] However, it is unclear if financing students at these institutions would be of interest to investors involved in ISAs.

Lack of regulation surrounding ISAs in the U.S. has inhibited the growth of this market to date. Observers of ISAs say that legislation is needed to provide guidelines to investors interested in offering these innovative financial products and to provide safeguards to protect consumers. [16]

Considerations for Low- and Moderate-Income Consumers

Underwriting practices could hypothetically produce a situation in which affordable ISAs were not evenly available across the socioeconomic spectrum. For example, how will investors price ISA offerings in light of factors such as high school ratings and student performance as indicated by SAT scores? Though certain students may be deemed too risky by mainstream investors seeking strong financial returns, there may be an opportunity for mission-oriented impact investors to enter the ISA market to assist students from disadvantaged backgrounds.

ISAs could prove to be a useful tool for students from low- to moderate- income households who are debt averse or who receive federal grants or other tuition subsidies and only need to fill a small financing gap. Using an ISA to supplement other sources of capital could help students cover the full costs of tuition, books, and room and board by allowing them to tap into future earnings.[17] ISAs may contribute to lower dropout rates, since more than one fourth of students who leave college in their first year report that financial concerns influenced their decisions.[18] Additionally, credit scores are not at risk of being negatively affected if students find themselves earning less than expected after graduation. Since an ISA is an investment, not a loan, students have the opportunity to increase their net worth without having to first pay down the liability of large student loans. This ultimately could lead to improved household balance sheets and increased financial stability.

Conclusion

While ISAs bring innovation in higher education finance, further experience and research are needed to determine whether this product could bring relief to students and opportunity to those from low- and moderate-income households. As the market develops, regulation will need to strike a balance between encouraging more participation in ISAs from investors, while protecting consumers engaging in this new financial tool. Results of pilots such as the one being launched by Purdue University will be of interest to those considering the feasibility of ISAs as an alternative to traditional student loans.

Additional Resources

Purdue University Income Share Agreement Comparison Tool, available at www.purdue.edu/backaboiler/comparison/index.html.

For more information, contact Noelle Baldini at Noelle.Baldini@phil.frb.org.

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1 For a detailed examination of trends in student debt and delinquencies, see Adam Looney and Constantine Yannelis, "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults," Brookings Institution, Fall 2015, available at www.brookings.edu/about/projects/bpea/papers/2015/looney-yannelis-student-loan-defaults.

2 Not adjusting for inflation, outstanding student loan debt in 4Q2005 was $0.39 trillion and in Q4 2015 was $1.23 trillion, according to the Center for Microeconomic Data of the Federal Reserve Bank of New York, available at www.newyorkfed.org/microeconomics/hhdc.html.

3 Zachary Bleemer, Meta Brown, Donghoon Lee, and Wilbert van der Klaauw, "Debt, Jobs, or Housing? What's Keeping Millennials at Home?" Staff Report 700, Federal Reserve Bank of New York, September 2, 2015, available at www.newyorkfed.org/research/staff_reports/sr700.html.

4 Stacy Cowley, "Getting a Student Loan with Collateral from a Future Job," *New York Times*, April 8, 2016, available at www.nytimes.com/2016/04/09/business/dealbook/getting-a-student-loan-with-collateral-from-a-future-job.html?_r=0.

5 Robert Kelchen, "Who Would Use Income Share Agreements to Pay for College?" Brown Center Chalkboard, Brookings Institution, August 25, 2015, available at www.brookings.edu/blogs/brown-center-chalkboard/posts/2015/08/25-income-share-agreements-kelchen.

6 See http://compare.backaboiler.org/.

7 Beth Akers, "How Income Share Agreements Could Play a Role in Higher Ed Financing," Brookings Institution, October 16, 2014, available at www.brookings.edu/research/papers/2014/10/16-income-share-agreements-akers.

8 See Cowley.

9 Visit www.lumni.net/.

10 Visit http://vemo.com/.

11 Visit www.13thavenuefunding.org/.

12 See Cowley.

13 The Institute for College Access & Success, "At What Cost? How Community Colleges That Do Not Offer Federal Loans Put Students at Risk," July 15, 2014, available at http://ticas.org/sites/default/files/pub_files/At_What_Cost.pdf.

14 Judith Scott-Clayton, "The Hidden Majority of For-Profit Colleges," *New York Times*, February 24, 2012, available at http://economix.blogs.nytimes.com/2012/02/24/the-hidden-majority-of-for-profit-colleges/?_r=0.

15 Ainsley O'Connell, "Financing Options Are Finally Catching Up with Coding Bootcamps' Growth," Fast Company & Inc., July 16, 2015, available at www.fastcompany.com/3048320/most-creative-people/financing-options-are-finally-catching-up-with-coding-bootcamps-growth.

16 Shu-Yi Oei and Diane Ring, "Human Equity? Regulating the New Income Share Agreements," *Vanderbilt Law Review*, 68(3) (2015), pp. 681–760, available at www.vanderbiltlawreview.org/wp-content/uploads/sites/89/2015/05/Human-Equity-Regulating-the-New-Income-Share-Agreements.pdf.

17 See Cowley.

18 "The Potential Market for Income Share Agreements Among Low-Income Undergraduates: An Issue Brief for Policymakers and Advocates," American Institute for Research, September 2015, available at www.air.org/sites/default/files/downloads/report/Income-Share-Agreements-ISAs-Potential-Among-Low-Income-Undergraduates-Sept-2015.pdf.

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CASCADE: NO. 92, SUMMER 2016

Barclaycard US Apprenticeship Program in Delaware Enters Fourth Year*

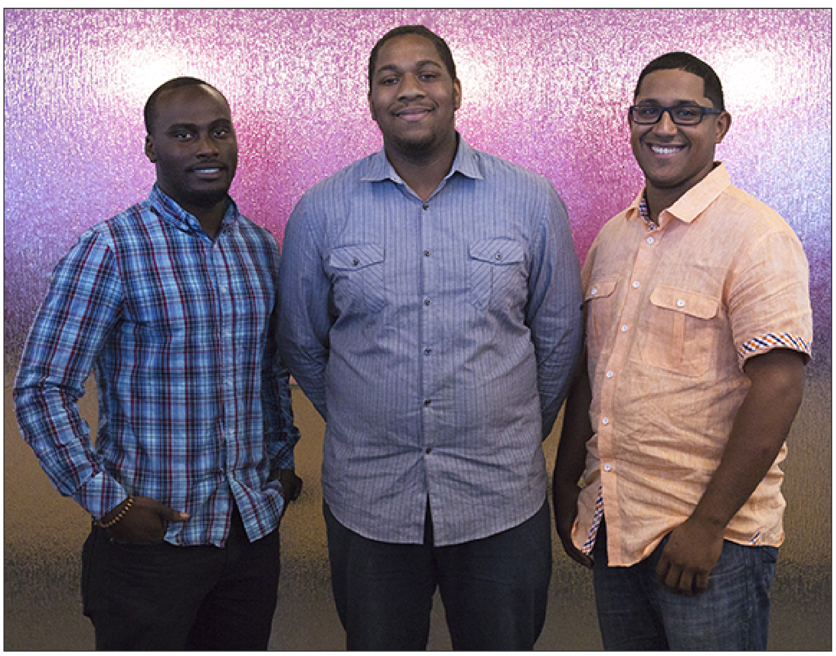
By Keith L. Rolland, Community Development Advisor

Barclaycard US reports good results with a two-year information technology (IT) apprenticeship program in which it has hired five full-time apprentices a year since 2013. Barclaycard US based its program on an apprenticeship program used by its parent company Barclays Bank in the United Kingdom, and is one of the only banks in the U.S. with an apprenticeship program.

Jocelyn Stewart, director of community investment at Barclaycard US, headquartered in Wilmington, DE, said that the bank seeks apprentices between the ages of 18 and 26 who have an aptitude for IT, a positive attitude, and a strong work ethic, but who lack a bachelor's or associate's degree, which is normally required for IT positions.

Employee retention is an issue with many employers and Barclaycard US started the program in hopes of finding "engaged and loyal employees," Stewart said. "In giving them a chance, we thought that this may be a place that they will call home." Indeed, of the 15 apprentices hired in 2013 to 2015, 14 are still with Barclays (one left to relocate with her family in California). Most graduates of the apprenticeship program are working as analysts and technicians, and one is working as a junior Unix infrastructure engineer.

Barclaycard US, which has about 3,000 employees in the U.S., plans to hire another five apprentices in its Delaware office in the fall of 2016. In addition, it plans to develop a similar apprenticeship program that will start by the end of 2016 at its call center in Henderson, NV.



Three apprentices at Barclays Bank Delaware — Prince Yawson, Felton Bruce, and Angel A. Ponce — were interviewed about their experiences in Barclays' apprenticeship program. Bruce said that it was "priceless" and that he would otherwise had been unable to enter the workforce due to a lack of credentials. Ponce learned about the program through the Year Up program at Peirce College in Philadelphia and said that the program was "fun and the work was always changing." Yawson said that it was "a good opportunity to learn and move forward." Bruce and Ponce said they have goals to buy homes in the next few years. All three apprentices are in the process of obtaining IT certifications.

Photo Credit: Jacqueline Quidort

The bank recruits apprentices yearly from partner agencies, such as nonprofit organizations Tech Impact, Wilmington Job Corps, and Year Up, as well as through referrals from current apprentices. Applicants participate in a day-long series of exercises, often in teams, and demonstrate their soft skills, such as communication and teamwork, through a variety of exercises. The day-long event is based on one used by its parent company.

The apprenticeship program begins with job shadowing for two months at the service desk and in other support functions. The apprentices are paid a starting salary and receive benefits from the time they join the bank and become full-time staff members upon completion of the program. The average starting salary is $30,000 to $34,000, Stewart said.

The apprentices start in cohorts, Stewart explained, because "we want to make sure they know each other and have a sense of belonging to a community." A Barclaycard US staff member mentors each apprentice on any work-related and personal issues that may arise, and the bank's community relations team is sometimes enlisted to assist with soft skills. "We have also been successful introducing second-year apprentices to first-year apprentices as a kind of safety net," Stewart said.

Stewart said that the apprentices require a support network because "the benefits and policies in a professional work environment are new to them." For example, staff members help apprentices understand health and 401k benefits and policies.

The program, said Stewart, has also had a broader positive effect on the bank and is "a source of pride" for many employees. She added: "These young adults come in every day ready to learn and prove themselves and are an inspiration to the other colleagues. They provide a fresh perspective and display a grateful attitude, which contributes to a more positive work environment for all employees."

For information, contact Jocelyn Stewart at JSutton@barclaycardus.com.

FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

Lessons from Barclays Bank's Apprenticeship Program in the UK*

Barclays Bank is one of the largest employers of apprentices in the United Kingdom (UK) and recruited its 2,600th apprentice in November 2015. Barclays' apprenticeship program, which started with 12 apprentices in 2012, has grown in scale and impact. It has received notable attention; nearly 200 apprentices attended a graduation event at the House of Commons alongside Barclays line managers and parents. Michael Thompson, director of Early Careers in Personal and Corporate Banking at Barclays Bank in London, shared some observations about the bank's apprenticeship program he oversees.

How did Barclays' apprenticeship program come about?

At the beginning of 2012, the major banks in the UK received a letter from the then-mayor of London, Boris Johnson, challenging them to help tackle rising youth unemployment and develop apprenticeships. At the time, youth unemployment had topped 1 million in the UK. The Work Foundation in the UK published in several reports the results of its project[1] that addressed the youth employment challenge, paying particular attention to the "missing million" of unemployed young people in the UK. The project investigated the long-term risks to the economy and young people if rising unemployment levels were not addressed.

In early 2012, Barclays had only 300 employees under the age of 21 in the UK. And, in parts of the bank, large sections of the workforce were approaching retirement age. The lack of young people with digital skills was a concern in an organization facing pressure to modernize and adapt to the digital age. Something had to be done to address a broad societal issue and to reach a challenging demographic.

A graduate of Barclays Bank's apprenticeship program in the UK speaks at a graduation ceremony for a cohort of apprentices.

Our response had to be meaningful in scale and impact to tackle the issue of youth unemployment and overcome our own human resource challenges. We had to look at how we could reach those young people who needed the greatest help and how we could do this in a way that led to long-term opportunity rather than short-term solutions. We had to do this at a scale that would quickly rebalance the shape of our workforce. We set a target of 1,000 apprentices by the end of 2013.

We set about learning fast how the apprenticeship system works and how it should be scaled up to support our target audience of young unemployed individuals. Our early insights and experiences demonstrated some of the strengths, but also some inherent weaknesses, in the system.

A fundamental strength was that the significant support and funding of the UK government for apprenticeships opened many doors for support, guidance, and advice and allowed us to get our program up and running quickly and easily. But what was also quickly revealed was that the existing system was not driven by employers and did not provide employers with a great deal of flexibility. The frameworks presented to us were outdated and complex. The funding rules were constrained as to who could benefit from apprenticeships and were complex to understand and administer. Thankfully, recent reforms have made great progress in addressing these issues.

What was the initial focus of Barclays' apprenticeship program?

The early focus of Barclays' program was to bring long-term unemployed young people into the bank's high-volume entry-level positions in branch banking and call centers. When we researched the target audience we were looking at, we quickly realized that we needed to completely change our approach and criteria for hiring. Our traditional requirements of hiring based on previous work experience and academic performance would simply not work for young people who had limited or no academic attainment and who often did not have meaningful work experience.

So we tore up the rule-book and quite literally started again. We removed all academic criteria and the need for previous experience and focused on attitude, aptitude, and motivation to work for us and develop. We moved from a world of online applications and screening to a more tailored "hand-held" supportive recruitment model.

This model was designed to prepare young people for success in their first job interview, typically at Barclays Bank, while recognizing that they were far from the "complete candidate." Over time, this upfront investment in developing soft skills, such as interpersonal communications skills and appropriate dress, has grown to include both classroom-based training and work experience and now forms part of what is the biggest pre-apprenticeship program[2] in the UK. Working with young people intensively prior to an interview allows us to create an early bond and identify those who are a very good fit for Barclays and also support those who aren't to find suitable jobs with clients, suppliers, and other companies. The program has led to significant improvements in Barclays' retention levels. In the first 12 months of employment at Barclays, we lose less than 10 percent of new hires compared with over 25 percent previously.

What were the challenges that Barclays' apprentices have encountered?

Perhaps the biggest challenge — beyond the perception/environmental issues, such as being at work on time and dressing appropriately, that inevitably arise when making a change of this magnitude — was managing the expectations of the apprentices themselves. Inevitably, once their apprenticeships are successfully completed and a full-time job is secured, the next question we receive is "What next?" Our apprentices have been very ambitious in career terms and academically, and we have had to work hard to build pathways to meet their needs. We have gone from two high-volume entry-level programs to nearly a dozen higher-level apprenticeship pathways including Corporate Banking, Finance, Wealth Management, and Human Resources.

What are the goals of Barclays' apprenticeship program?

Our goals in creating these new programs have been simple and consistent. The first goal has been to give any apprentice the opportunity to obtain as high a level of academic attainment as possible and also offer those who have not previously succeeded academically a "second chance." The second goal is to foster progression among apprentices in terms of salary and careers. Early evidence suggests that Barclays Bank is succeeding in meeting both goals. A number of apprentices have already moved into the bank's degree programs and progressed to management positions and more senior roles since they joined Barclays with limited or no qualifications.

The wide-ranging reforms of the UK government's trailblazer initiative,[3] which encourages groups of employers to carry out changes to apprenticeships, have allowed the financial services sector in the UK to create a range of new apprenticeship "standards" that allow progression to higher levels of skill and knowledge. The first of these was the Relationship Management Higher Apprenticeship, a three-year degree program that includes skills needed to work in corporate finance and wealth management areas. These standards have been developed with professional trade associations and have played a substantial part in raising the bar of UK apprenticeships by aligning them to industry-recognized qualifications. Barclays is currently developing a three-year degree apprenticeship that will build the skills necessary to work in investment banking and management and attract young people who do not want to go to university or do not have the opportunity to do so.

What is the return on investment to Barclays for its apprenticeship program?

Barclays measures its return on investment in a number of ways:

- Improvement in retention of employees seen as a result of the program. There are 10 percent fewer losses in the apprentices compared with other employees.
- Improvement in a range of diversity measures, including ethnicity, disability, and gender, among our early-career workforce.
- Progression of talent into high-level roles as a result of their apprenticeship training. Over 20 percent of apprentices have already progressed to higher skill roles.

What are the lessons learned from Barclays' apprenticeship program?

Over the past three and a half years, we have learned many valuable lessons. The most important of these is the need to challenge traditional thinking, both within an organization and in the larger society. In the past three decades in the UK, recruitment practice has evolved so that it is very difficult for many talented people to obtain employment. This could be due to age, disability, or lack of experience or qualifications. An apprenticeship program provides the opportunity to create pathways for all and, in so doing, helps build more diverse organizations and address societal issues.

The program also offers an alternative to college for those who would prefer to obtain higher-level qualifications through the workplace. Often, very vocational skills, such as information technology, are best learned in a live working environment.

For further information, contact Michael Thompson at mike.thompson@barclays.com or visit http://joinus.barclays.com/emea/apprenticeships.

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* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

1 See Neil Lee, Paul Sissons, Brhmie Balaram, and Katy Jones, "Short-term crisis—long-term problem? Addressing the youth employment problem." The Work Foundation, June 18, 2012, available at http://www.theworkfoundation.com/Reports/314/Shortterm-crisis-longterm-problem-Addressing-the-youth-employment-challenge.

2 This UK program is designed for young unemployed individuals and entails classroom-based learning and work experience during a seven-week period. It is called a traineeship program.

3 See www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers for details.

FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

Intermediaries Play Key Role in Expanding Apprenticeships*

By Keith L. Rolland, Community Development Advisor

Many government and foundation leaders believe that intermediaries are needed to expand the level of apprenticeship activity in the U.S. This article provides context for the increased attention on intermediaries and examines the model and track record of the Vermont Healthcare and Information Technology Education Center, better known as Vermont HITEC, a leading apprenticeship intermediary.

Background

The Obama administration is striving to double the number of apprentices in the U.S. from about 375,000 in 2014 to 750,000 in 2019.[1] In pursuit of this goal, the U.S. Department of Labor (DOL) has awarded $175 million in American Apprenticeship Initiative (AAI) grants and will be awarding $60 million to support state strategies to expand apprenticeships and $30 million to catalyze industry partnerships in fast-growing industries. Two leading intermediaries that have significantly increased apprenticeship activity in the past decade are Vermont HITEC,[2] a nonprofit organization, and Apprenticeship Carolina,[3] a state-initiated program embedded in the state's community colleges that provides a state tax credit to employers that hire apprentices.

John V. Ladd, administrator of the Office of Apprenticeship in the DOL, said: "We believe intermediaries are critical to both scale apprenticeship in multi-employer apprenticeship models and to assist employers in starting new programs. Intermediaries bring subject matter expertise related to their industries, reduce the burden on individual employers to start apprenticeship programs, and can spread risk and cost across a wider range of employers."

This summer, DOL will award up to eight contracts for intermediaries to expand apprenticeships, especially in health care, advanced manufacturing, energy, transportation, construction, insurance and financial services, and cybersecurity.[4] Ladd said that the "DOL will expect that all of the intermediaries or coalition of intermediaries will have a national footprint or be able to operate at a national level."

Sarah Ayres Steinberg,[5] vice president of global philanthropy at JPMorgan Chase & Co, said that JPMorgan Chase has made apprenticeships and apprenticeship intermediaries a funding priority in the U.S., Germany, Spain, and the United Kingdom. Chase is funding the Urban Institute to provide technical assistance to states seeking to expand and strengthen their apprenticeship systems, including by supporting intermediary organizations that facilitate engagement between employers and educators, she said. Chase is also helping fund a study[6] that is examining the return on investment (ROI) for employers that provide apprenticeships.

Ayres Steinberg said: "The most effective intermediaries are 'bilingual,' in that they can speak the language of both employers and educators. But intermediaries aren't just translators; they are convening employers to define skills, developing national guideline standards for apprenticeships, connecting multi-region efforts and developing multi-employer models, documenting best practices, and providing the ongoing infrastructure to support apprenticeships in an industry." She added that apprenticeship intermediaries can be local, regional, or national in scope.

In its banking operations, JPMorgan Chase & Co. is developing pre-apprenticeships and registered apprenticeships (RAs) for 43 computer and information technology (IT) students at Houston Community College, which received a $4.2 million AAI grant last fall. The students will receive associate of applied science degrees. In the United Kingdom, Chase has trained about 100 IT apprentices, is currently developing a university-equivalent IT apprenticeship, and has started an 18-month financial services apprenticeship program.

Robert I. Lerman,[7] professor emeritus in the department of economics at American University and institute fellow at the Urban Institute, said "Intermediaries undertake one or several functions. They include marketing the apprenticeship brand in a state or locality, persuading employers to adopt apprenticeships, helping employers through the design and administrative tasks required to establish an apprenticeship, and conducting or arranging for the off-the-job training related to the apprenticeship occupation. The process may involve assisting employers to register their programs with the state and/or federal apprenticeship offices and negotiating with a community college or other for-credit institution. The example of Vermont HITEC is especially noteworthy because of its record in performing virtually all the tasks undertaken by apprenticeship intermediaries."[8]

Vermont HITEC

Vermont HITEC has been profiled as a promising intermediary partnership in a DOL case study[9] and is one of five apprenticeship models highlighted in a 2014 Center for American Progress report.[10] Gerald Ghazi, J.D., president and board chair of Vermont HITEC, is one of the Urban Institute's technical assistance providers to states.

Ghazi, a former software engineer, cofounded Vermont HITEC as a 501(c)(3) nonprofit in 2000 to offer a rigorous educational program in which Vermonters could demonstrate to employers their ability to perform a position before being hired. Vermont HITEC provides an eight- to 10-week intensive educational program at the employer site at no cost to the participant followed by a competency-based accelerated apprenticeship lasting no more than one or two years.

Before Vermont HITEC organizes an educational program, it obtains written employer(s) commitments to hire all its education program graduates as apprentices, with predefined stepped-up livable wages and full benefits.[11] For its part, Vermont HITEC commits to employers that graduates of Vermont HITEC's education programs will have all the necessary skills, including soft skills, to enter a competency-based accelerated apprenticeship. Vermont HITEC designs educational programs only for full-time positions with full benefits.

An apprentice in a HITEC apprenticeship program at Vermont Precision Tools operates an electrical discharge machining (EDM) drill to create very small precision holes on the end of a long thin part. EDM is a very precise material removal process that works on the principle of using an electric arc to quickly heat and vaporize material.
Photo Credit: Andrew J. Lutton

Ghazi explained that after employers commit to the educational program and RA, they usually go through deep organizational change involving the employers' human resources, legal, finance, and operations departments and often redefine work processes and job definitions.

"Employers and apprentices are both investing in a long-term relationship," Ghazi explained. "The employer is committing to hire them without competency and invest in their education and mentoring throughout their apprenticeship, and the apprentice is willing to earn the education and competencies commensurate with the stepped-up wages being paid. This builds long-term loyalty and retention."

Apprentices also face significant challenges. Ghazi explained: "We're creating professional and personal transformation. The challenge is getting them to believe in themselves and fight the external forces that create a mentality of failure. Once we get them to the point of believing in themselves, there's no end in sight for these individuals. Transformation at a family-unit level also occurs at home when children see their parents studying four hours a night every night to accomplish a goal."

Vermont HITEC has two unusual elements. First, it does not require participants in its programs to have prior experience or a particular educational background. Second, it follows a "reverse engineering" approach in the development of its educational curriculum for the employer's sponsored positions. In this approach, a Vermont HITEC staff member goes on site at the employer, with a company badge and access to all systems and procedures, to learn a position from scratch by performing all the essential functions of the job. Ghazi explained that in the second month, the Vermont HITEC staff member "begins to reflect backwards on the learning experience to take the job apart." Only then does the staff member produce the academic program and apprenticeship competencies needed to perform the job.

The Vermont HITEC program has three key parts:

- **Curriculum development and recruitment:** A Vermont HITEC staff member performs the work of the position for up to three months at the employer site. The employer approves the job definitions, technical and behavioral competencies of the position, and graduation requirements of the program, and Vermont HITEC designs a curriculum that blends job-specific skills and general industry skills. Simultaneously, Vermont HITEC conducts outreach and recruits candidates through the state workforce system as well as social and traditional media.[12] Vermont HITEC uses an orientation session, aptitude assessments, behavioral observations, program and employer interviews, and work simulations to evaluate candidates for attitude, enthusiasm for a new career, fit with the employer's culture, and ability to take direction and communicate effectively. Employers select, sponsor, and commit to employ graduates from a prescreened applicant pool equal to the number of jobs they are committed to providing.
- **Education:** Selected candidates participate in an intensive accelerated unpaid pre-apprenticeship educational program in which they participate in all-day classroom education and spend another three to four hours per weekday evening and weekends on course work. Students gain extensive knowledge of a field and position in a short time through course work in the evenings, classroom instruction, discussions and projects, online instruction, and laboratory or clinical work. Vermont HITEC staff, along with its state support service partners, help apprentices with support services as needed, including housing, transportation, clothing, and mentoring, and work with Burlington College and its Institute for American Apprenticeship[13] and other community colleges so that participants receive college credits for instructional areas mastered. Upon graduation from the education program, they earn 24 to 30 credits and an academic certificate. They also earn additional college credits during their competency-based one- to two-year apprenticeships. Vermont HITEC project leaders observe and mentor students in 26 behavioral competencies, such as working in teams and following rules, and give individual feedback that becomes part of the graduation requirement for both the education and the apprenticeship.
- **Apprenticeship:** Apprentices work full time with full benefits at the employer's work site and apply the technical and behavioral competencies on a daily basis, assisted by a Vermont HITEC mentor, an employer mentor, or both. Apprentice knowledge is evaluated monthly, and merit increases are earned for mastery of key competencies. Vermont HITEC staff and its state partners continue to provide support services as needed. Apprentices who complete the education and apprenticeship are "fully titled" employees. They are considered fully proficient to perform the job and earn an industry-recognized credential, an academic certificate and credit toward an associate's degree, national certification when available, and a certificate of completion from the U.S. DOL's Office of Apprenticeship.

Track Record

Vermont HITEC has organized more than 70 RA programs for nearly 40 employers in Vermont and New Hampshire in health care, IT, advanced manufacturing, and business services. The 70 include 10 programs for Dartmouth-Hitchcock Medical Center in New Hampshire.

Some 1,379 students enrolled in Vermont HITEC programs that were completed by May 27, 2016. Of these students, 93 percent graduated and became employed, and 93 percent of those employed completed a one-year RA. Annual wages after apprenticeships ranged from $24,000 to $60,000. Some employees received bonuses and commissions following apprenticeships.

Employer Perspectives

Two of the three employers interviewed for this article said that Vermont HITEC helped them train employees more quickly than the employers could have done on their own. Administrators and managers must be flexible, open to change, and willing to take time to mentor apprentices, the employers agreed.

Hypertherm, an employee-owned manufacturing and engineering company with 1,450 workers based in Hanover, NH, has trained about 550 apprentices since 2007 in computer numerical control (CNC) machining with good results. Matt Burge, leader of Hypertherm's technical training institute, said industry-related education should be paired with on-the-job training, not conducted separately, and must be delivered in an industry context. One feature of Vermont HITEC-related apprenticeships is that they can be customized for the individual employer. This customization, said Burge, is important because techniques for using new equipment can vary from one company to another. He added that it's a challenge to keep even apprenticeship-related education abreast of increasingly complex technology advances.

The employers have also found that apprenticeships provide a window to reexamine management processes and procedures and allocate resources more efficiently. For example, during the course of the apprenticeships, the Dartmouth-Hitchcock Health System changed practices and improved employee retention, said Sarah J. Currier, director of workforce development at the system. The companies include this reexamination of processes as a type of ROI, although they do not have precise measures of ROI. Hypertherm has instituted an eight-member technical training institute that performs some Vermont HITEC functions of determining promotions-based knowledge and competency standards, as well as recruiting apprentices.

Apprentices need assistance in such areas as child care and transportation, and Vermont HITEC provides a valuable "connection point," identifying social service programs and funding opportunities and facilitating relationships with program directors, observed Laurie Gunn, vice president of human resources at the University of Vermont Medical Center.

Currier commented: "Apprentices feel invested in and they want to help people behind them. They're used to being pushed and stretched and learning new things. There must be a career path for them to continue to grow." She added that apprenticeships are a good way to add diversity to the workforce.

For more information, contact Gerald Ghazi at gerry.ghazi@vthitec.org ; www.vthitec.org.

Resources
Gerald Ghazi, "Training for Real Jobs: When Motivation Means Opportunity," *Communities and Banking*, Federal Reserve Bank of Boston, 2008, available at www.bostonfed.org/commdev/c&b/2008/winter/Ghazi_Vermont_HITEC_Inc.pdf.

* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

1 U.S. DOL, "Labor Department Proposes Rule to Help Employers, Sponsors Grow, Diversify Their Apprenticeship Programs," November 5, 2015, available at www.dol.gov/opa/media/press/eta/ETA20152161.htm.

2 See www.vthitec.org.

3 See www.apprenticeshipcarolina.com.

4 See the request for information (RFI) at www.fbo.gov/utils/view?id=fcfa63c09b6f5c76cff67203f1458a3a. An intermediary is defined in the RFI as an industry association, labor–management partnership organization, workforce intermediary, consortium of employers, statewide community college system, or consortium of community colleges.

5 Ayres Steinberg is a primary author of a JPMorgan Chase & Co. report, “Tech Jobs for All? Exploring the Promise & Pitfalls of Technology Training in the United States,” JPMorgan Chase & Co., February 2016, available at www.jpmorganchase.com/corporate/Corporate-Responsibility/document/JPMC-tech-training-report-web.pdf.

6 U.S. Department of Commerce, “Joyce Foundation, JPMorgan Chase, and the Annie E. Casey Foundation Support Apprenticeship Return on Investment Study,” September 18, 2015, available at www.commerce.gov/news/blog/2015/09/joyce-foundation-jpmorgan-chase-and-annie-e-casey-foundation-support.

7 Lerman is the founder of the American Institute for Innovative Apprenticeship. See http://innovativeapprenticeship.org.

8 Lerman noted that, in contrast, Apprenticeship Carolina undertakes some intermediary functions, such as marketing apprenticeships, helping firms register apprenticeships, and linking firms with training, but does not itself conduct training.

9 U.S. DOL, “Promising Partnerships: The Workforce System and Registered Apprenticeship — A Deeper Look into Models of Success,” ApprenticeshipUSA Case Study, available at www.dol.gov/apprenticeship/pdf/HITEC_Case%20Study.pdf.

10 See Sarah Ayres Steinberg and Ethan Gurwitz, “Innovations in Apprenticeship: 5 Case Studies That Illustrate the Promise of Apprenticeship in the United States,” Center for American Progress, September 2014, available at https://cdn.americanprogress.org/wp-content/uploads/2014/09/ApprenticeshipInnov-report1.pdf.

11 In multi-employer educational programs, employers sign agreements not to recruit from other employees in the programs.

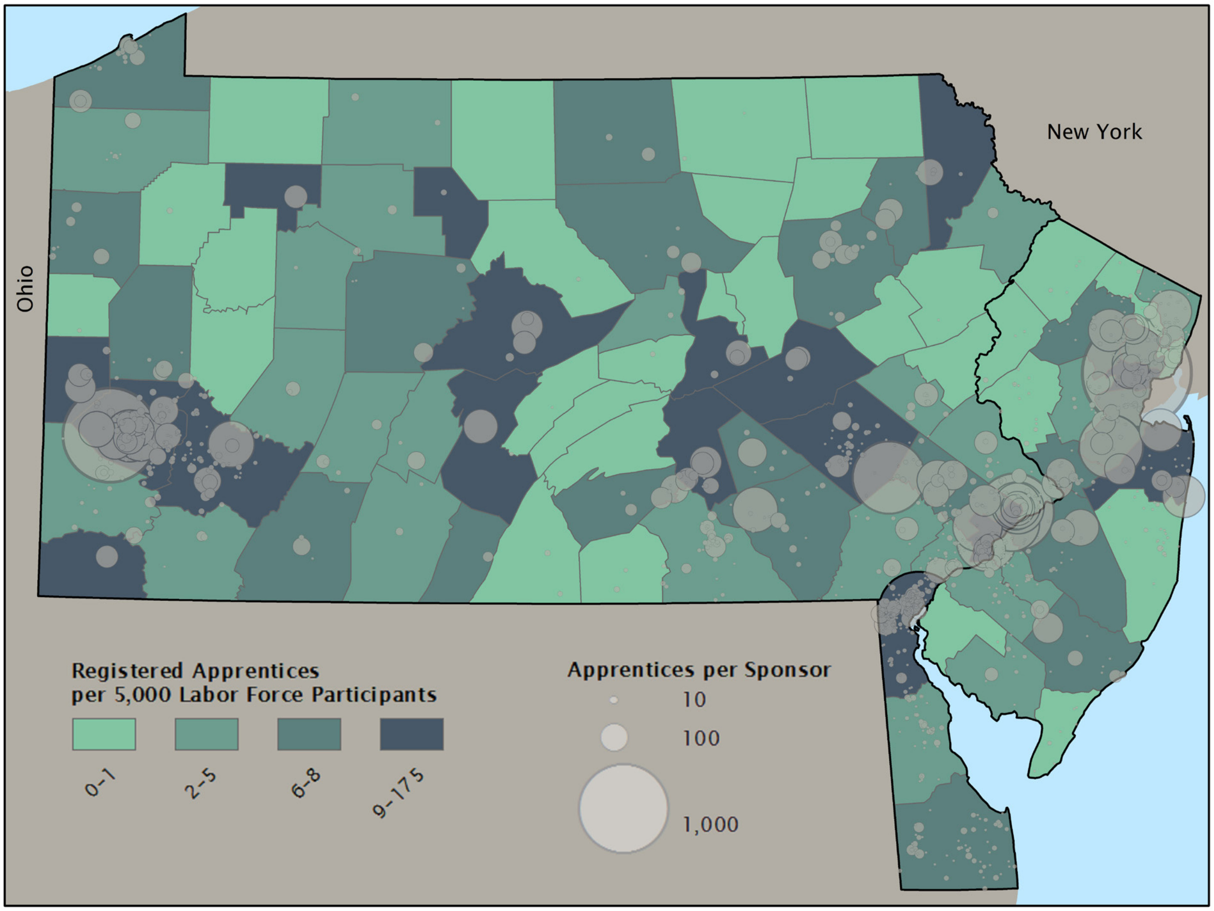
12 It seeks veterans, dislocated workers, older youths, refugees, older workers, and individual with disabilities.

13 See http://blog.burlington.edu/burlington360/topic/institute-for-american-apprenticeships.

MAPPING OUR COMMUNITY

Third Federal Reserve District

KYLE DEMARIA, COMMUNITY DEVELOPMENT SENIOR RESEARCH ASSISTANT



Registered Apprenticeships in the Tristate Area*

By Kyle DeMaria, Community Development Senior Research Assistant

Registered apprenticeship (RA) programs are a promising workforce development initiative in which participants receive skills-based education, on-the-job training, a salary, and a recognized credential while working for an employer, who benefits from a stable supply of skilled labor. The RA sponsor — frequently a private business, trade organization, or union — oversees the program by facilitating the apprentice's training and employment opportunities. The map depicts the apprenticeship sponsors with at least one active apprentice as of December 31, 2015, where the symbol size represents the number of apprentices per sponsor. The five counties with the greatest number of registered apprentices per 5,000 labor force participants are Forest County, PA (175), Huntingdon County, PA (37), Union County, NJ (35), Philadelphia County, PA (26), and Allegheny County, PA (23). While New Castle County, DE ranks 12th on this measure, it is home to the greatest number of RA sponsors. Eleven Pennsylvania counties had no RA sponsors at the end of 2015.

Registered apprentices in Pennsylvania and New Jersey are concentrated in a few industries, as shown in the bar chart.[1] In the two states combined, apprentices are largely employed in construction (71%), public administration (16%), and manufacturing (6%). When the states are considered separately, a greater share of RAs are employed in construction and manufacturing in Pennsylvania (82%) than in New Jersey (68%), where apprenticeships in utilities (5%) and education (8%) are more common.

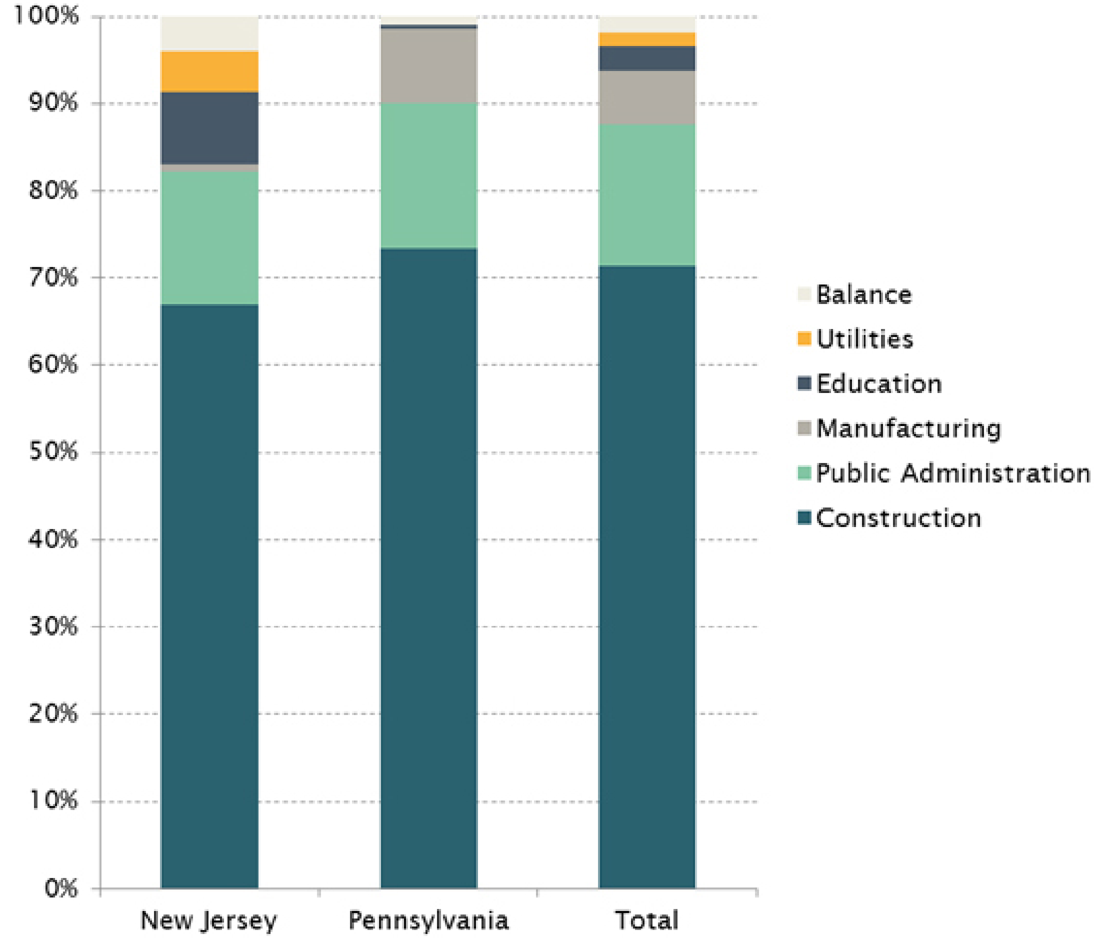
* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

[1] The industry classifications of Delaware apprenticeship sponsors were not available.

Data Sources: Registered Apprenticeship Partners Information Data System (RAPIDS), managed by the U.S. Department of Labor Employment and Training Administration; Delaware Department of Labor; and Bureau of Labor Statistics Local Area Unemployment Statistics program, 2015 annual averages (available at www.bls.gov/lau/#cntyaa).

Map Source: U.S. Census Bureau

INDUSTRY COMPOSITION OF REGISTERED APPRENTICES IN PENNSYLVANIA AND NEW JERSEY



FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

Savings and Credit Building Can Be Integrated in Youth Employment Programs*

By Margaret Libby, Executive Director, MyPath, San Francisco

MyPath is a nonprofit organization that supports low-income working youth to bank, save, establish credit, and build their financial confidence. From its beginning, MyPath has developed its programs in partnership with the young people it seeks to serve and has relied on peer group coaching.

Background

MyPath started in 1989 as a program in a community development credit union serving a low-income membership in a largely immigrant Latino community in San Francisco. In 1996, the credit union secured a federal grant to create a youth credit union program, providing accounts for individuals from birth through age 18 years and opportunities for those 14 to 18 years old to be tellers. When youth reach 14 years of age, they can be sole owners of their accounts. By 2006, it was the largest savings program for children and youth in the San Francisco area, with more than 300 account holders and more than $200,000 in savings.

MyPath was formed as a nonprofit in 2007 and began to train 14- to 17-year-old youths from the neighborhood to be partners in a data-driven strategic planning process to guide the nonprofit's work. Youth teams analyzed data about the youth members' engagement with savings products, researched best and promising practices in the savings and asset-building fields, and gathered input about the financial goals of youth and parents in the community.

This participatory action research — which today might be called human-centered design — led to the design of MyPath's pilot in 2009 and 2010, which combined youth accounts, personal goal setting, savings incentives, and financial education designed by youth and integrated these ingredients into youth programs. In this pilot, MyPath learned that settings where youth are earning money are optimal for reaching them with a mix of banking and savings supports and for generating savings and savings habits.

Young people attend MyPath financial literacy class to learn how to open bank accounts, create savings plans, and establish credit.
Photo Credit: MyPath

Using Technology and People to Move from Pilot to Scale

From 2011 to 2013, MyPath conducted a second pilot with the San Francisco Mayor's Youth Employment and Education Program, which served 300 low-income youths during the school year with employment training and placement.

The innovative features of the model were:

- enrollment into two accounts[1] integrated into program enrollment,
- enrollment into direct deposit with auto-split[2] to make savings automatic,
- incentivized personal goal setting, and
- youth-designed financial education.

MyPath Savings, a program created by MyPath, generated powerful outcomes in banking, saving, and confidence among youth participants, as discussed in a 2013 working paper published by the Federal Reserve Bank of San Francisco.[3] Further data analysis published in the *Journal of Consumer Affairs*[4] showed that youth participants in MyPath Savings reported increased levels of self-efficacy and had a more positive future outlook.

With support from the Center for Financial Services Innovation, MyPath engineered key improvements to increase scalability,[5] including:

- an online tool with three interactive money management modules,
- a technical assistance program to help partners create the infrastructure needed to run MyPath Savings,
- a train-the-trainer program to prepare staff at youth employment programs to deliver MyPath Savings curricula, and
- legal templates for both youth employment program and credit union partners.

Building Rigorous Evidence to Make the Case for Wider Adoption

MyPath engaged researchers from the Federal Reserve Bank of San Francisco, the Center for Social Development, the University of Michigan, and Eastern Washington University to conduct a quasi-experimental design study in which two scalable versions of MyPath Savings were tested against a comparison group. Participants ages 15 to 21 in both treatment groups received an in-person orientation, two accounts, direct deposit, a savings contract, and three interactive online money management modules. In addition, one treatment group also had peer coaches[6] trained in leading in-person activities and discussions related to online content. Key findings from the study, as discussed in a 2016 working paper published by the Federal Reserve Bank of San Francisco,[7] include:

- Both MyPath Savings models generated strong banking, savings, and money management behavior outcomes among youth participants.
- Youths in both treatment groups were three to five times more likely than those in the comparison group to have increased confidence in carrying

out basic financial behaviors.

- Adding peer coaches resulted in youths being nine to 11 times more likely than those in the comparison group to have statistically significant increases in financial knowledge and the adoption of more sophisticated financial management behaviors.

Several important lessons were learned from this scalability study:

Lesson 1: More scalable MyPath Savings models improve youth financial capability.

Both treatment groups had high engagement with banking, goal setting, and saving and significant improvements in money management practices compared with the comparison group. Adding peer coaches boosted financial knowledge gains and adoption of some financial practices. This demonstrates the power of a *financial capability*-focused intervention in achieving outcomes versus the more traditional financial education workshop approach.

Lesson 2: Strategies must blend in-person and online approaches.

Blending in-person and online education proved to be an effective strategy to engage low-income working youth in putting new financial practices into action. The blended model provides an effective mix of scalability and impact. Technology can help scale programs, and the in-person activities solidify learning. Although there has been much focus on the proliferation of apps and online gaming approaches, this study shows that they cannot be stand-alone approaches.

Lesson 3: Low-income young people will bank and save when the right supports and products are embedded in their employment or workforce programs.

Young people bank and save when given the opportunity to open accounts that are "youth friendly." The strong take-up and account enrollment rates for both treatment groups reflect the impact of using the MyPath youth banking standards with partner financial institutions to create financial products that are tailored for youth and that reduce youth banking barriers. For example, the standards include small minimum balance requirements and acceptance of school IDs. The train-the-trainer approach also helped generate these outcomes because youth employment program staff who are "trusted sources" of information are a reliable channel for introducing youth to the financial products and programs. These trusted sources are key because they help overcome young people's resistance or hesitancy about banking. Finally, enrollment was high because MyPath Savings was embedded in the youth employment program processes.

Lesson 4: Youth employment and workforce systems are strategic delivery channels and require different financial curricula than those designed for classrooms.

The MyPath Savings curriculum is tailored for youth employment and workforce settings and staff in that it is shorter than classroom-based curricula and designed to engage young people earning their first paychecks in banking and saving products. MyPath's train-the-trainer program leads youth employment and workforce program staff to deliver financial capability rather than provide financial education and provides support and tools to lead the activities with their youth participants.

Lesson 5: Transforming income into savings changes youth mindsets.

The study reveals some powerful shifts in young people's mindsets at the end of the program when they have set and met a personal savings goal. Improved financial confidence and self-efficacy help build a savings habit, which leads to upward economic mobility.

Using These Key Lessons to Drive Adoption and Engineer New Models

MyPath has designed a model that combines savings and credit building for working young adults between the ages of 18 and 24 years. From 2014 to 2016, MyPath has operated MyPath Credit in San Francisco and Oakland, CA, with 121 young people with sponsorship from the Federation of Community Development Credit Unions and the Center for Financial Services Innovation and funding from the Kresge Foundation.[8] The only youth-focused credit-building program in the country, its early results are significant:

- Young adults who started the program with no credit at all had FICO scores of 699 plus at completion.
- Participants exited the program with emergency savings of $500, providing a measure of financial security and easier access to employment, housing, and affordable borrowing.
- Participants experience statistically significant increases in financial knowledge and financial self-efficacy.

Full evaluation results conducted by researchers from the University of Georgia are forthcoming.

Movement to Increase Scale

The U.S. Treasury, the Consumer Financial Protection Bureau (CFPB), and the U.S. Department of Labor held a national meeting on integrating financial capability into youth workforce programs in 2013. Following that meeting, both private and public investors have supported efforts to bring these best practices to more cities across the country. Meanwhile, the U.S. Department of Labor, in implementing the Workforce Innovation and Opportunity Act (WIOA), will require the inclusion of financial education into youth workforce programs in July 2016. The CFPB launched its Youth Employment Success (YES!) initiative last fall to provide technical assistance to two dozen locations[9] across the country to support efforts to address the new WIOA financial literacy requirement. CFED and MyPath are providing technical assistance to this diverse group of cities across the country to enable youth employment systems to lead to upward economic mobility.

MyPath has developed innovative models to engage low-income working youth between the ages of 16 and 24 years in banking, saving, and credit building through youth employment and workforce systems. Policymakers, regulators, funders, and local leaders are shifting their focus from financial education to financial capability and are looking for evidence-based approaches that can be delivered by city and nonprofit program staff. The WIOA requirement presents an important opportunity to apply lessons learned in how to achieve financial capability and put more low-income youth on a path to upward economic mobility.

* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

1 Both were savings accounts, but one had a temporary restriction placed on it. The account funds couldn't be accessed until the end date of the program, or the youths wouldn't be eligible for incentives.

2 Auto-split means each paycheck is direct-deposited into two accounts, according to the youth's individual MyPath savings goals (e.g., 80 percent into the regular account and 20 percent into the restricted account).

3 Vernon Loke, Margaret Libby, and Laura Choi, "Increasing Financial Capability Among Economically Vulnerable Youth: MY Path Pilot and Year Two Updates," Working Paper 2013-03, Federal Reserve Bank of San Francisco, December 2013, available at www.frbsf.org/community-development/files/wp2013-03.pdf.

4 Vernon Loke, Laura Choi, and Margaret Libby, "Increasing Youth Financial Capability: An Evaluation of the MyPath Savings Initiative," *Journal of Consumer Affairs*, 49:1, February 2015, pp. 97–126.

5 In addition to San Francisco, this program has also been implemented in Reno, NV, Ferguson, MO, and San Jose, CA; planning is underway to roll out the program in three other communities in 2016.

6 Margaret Libby, "Financial Coaching for Youth and Young Adults," in Jonathan Mintz (ed), *The Professionalizing Field of Financial Counseling and Coaching: A Journal of Essays from Expert Perspectives in the Field*, New York: Cities for Financial Empowerment Fund and Citi Community Development, 2016, available at www.professionalfincounselingjournal.org.

7 See Vernon Loke, Laura Choi, Lauren Larin, and Margaret Libby, "Boosting the Power of Youth Paychecks: Integrating Financial Capability into Youth Employment Programs," Working Paper 2016-03, Federal Reserve Bank of San Francisco, April 2016, available at www.frbsf.org/community-development/files/wp2016-03.pdf.

8 See MyPath, "Two-Year Study Demonstrates MyPath Savings Works," available at http://mypathus.org/wp-content/uploads/2014/09/QUICK-SNAPSHOT-of-Boosting-the-Power-of-Youth-Paychecks.pdf. MyPath Credit was one of three partnerships funded by the Financial Capability Partnership Initiative, which sought to develop new models that deliver community development credit union financial products in social service settings. For information on the initiative, see Center for Financial Services Innovation, "Partnerships for Financial Capability: Diagnostic Frameworks for Financial Institutions and Partners," September 14, 2015, available at www.cfsinnovation.com/Document-Library/Partnerships-for-Financial-Capability-Diagnostic-F.

9 These areas include Middlesex County, NJ, and Philadelphia.

FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

Spotlight on Research: Financial Capability Influences Child Development Accounts*

By Marvin M. Smith, Ph.D., Senior Community Development Economic Advisor

The issue of rising college costs and the resulting contribution to the increase in student loan debt has many parents of potential college students dreading the prospective financial burden of postsecondary education. Fortunately, there are two approaches that can assist parents in preparing financially for their children's college education. The first are government college savings plans that have tax advantages. The second are child development accounts (CDAs), which are an asset-building instrument from which the proceeds can be used to finance postsecondary education or other endeavors. Previous research has shown that financial capability, which is a combination of financial knowledge and financial access, has a strong influence on parents' decision to use the government-sponsored plans and CDAs to save for their children's secondary education.[1] Jin Huang, Yunju Nam, Michael Sherraden, and Margaret Clancy build on this research and examine the association between financial capability and asset accumulation in CDAs for children's postsecondary education.[2] The following is a summary of their study.

Background

Marvin M. Smith, Ph.D.

The news about the rising levels of student loan debt has been alarming. One estimate by the Consumer Financial Protection Bureau has the total amount of debt at nearly $1.2 trillion with many borrowers in default.[3] A couple of strategies exist for those planning for college costs. One strategy is government-initiated, tax-advantaged college saving plans known as 529 plans. These plans are operated by state governments. The second strategy is the CDAs, which are a broader asset-building instrument, the proceeds of which can be used to finance postsecondary education, purchase a home, or start a small business. A compelling facilitator for individuals to use one of the aforementioned methods to save for college is financial knowledge and financial access, which, when taken together, is *financial capability*. Both components are critical: Financial knowledge allows the "ability to act," while financial access permits the "opportunity to act." Empirical evidence has underscored the virtue of financial capability and saving for college expenses. Using data from the SEED for Oklahoma Kids (SEED OK) experiment, it was found that financial capability is positively associated with the probability that participants will hold a college savings account for their child.[4]

Huang et al. expand on this finding by focusing on asset accumulation and financial capability when using CDAs to save for postsecondary education.

Data and Methodology

The authors used data from the SEED OK experiment in their investigation. The SEED OK intervention is a statewide randomized policy experiment that offered CDAs to treatment participants. It is based on the Oklahoma 529 College Savings Plan (OK 529 Plan). The benefits of the CDAs intervention are similar to those in the OK 529 Plan, namely annual contributions up to $10,000 ($20,000 for a married couple) are deductible on the state income-tax return. The intervention includes four additional components: 1) the state treasurer's office of Oklahoma opened a *state-owned* OK 529 Plan account for all treatment children and deposited $1,000 of SEED OK funds in the account, but treatment participants are not allowed to make deposits into the state-owned accounts; 2) treatment participants are encouraged to open their own *participant-owned* OK 529 Plan accounts, which requires a $100 initial contribution to open, but participants are allowed to make contributions to these accounts; 3) the SEED OK experiment provided a savings match based on participant's income for deposits made in participant-owned accounts; and 4) the Oklahoma treasurer's office communicated regularly (e.g., letters, postcards, and brochures) with treatment participants.

Participants in the control group received no information from SEED OK about the OK 529 Plan. They were not eligible for the state-owned account and were not offered any SEED OK financial incentive. However, they were allowed to open a participant-owned OK Plan.

Sample. The SEED OK experiment randomly selected 7,328 children from the population of infants born in Oklahoma in two three-month periods: April 1 through June 30, 2007 and August 1 through October 31, 2007. Racial and ethnic minorities were oversampled. Once the 2,704 primary caregivers of these children agreed to participate in the experiment and completed the baseline survey, they were randomly assigned to treatment (1,358) and control (1,346) groups.

Research Questions. The authors used data from the SEED OK experiment to answer three questions: 1) Does the intervention with CDAs, an effort to expand financial access, promote asset accumulation for a child's postsecondary education? 2) Does financial knowledge increase the participants' asset accumulation for their children? 3) Does financial knowledge's effect on asset accumulation change due to the expansion of financial access via SEED OK intervention?

Method. The authors used regression analysis to examine the relationships among financial access, financial knowledge, and assets accumulated in CDAs.[5] They focused on two dependent variables: *total savings*, which is defined as the total amount of contributions that study participants made into participant-owned accounts, and *total assets*, which combines the account balances in the state-owned and participant-owned accounts. The regressions include two independent variables: one is the SEED OK treatment status (1 = treatment group, 0 = control group) and the other is a measure of the participants' financial knowledge. The latter is based on responses to three baseline-survey questions drawn from the 2004 Health and Retirement Survey.[6] The questions evaluate an individual's ability to understand basic financial concepts, such as compound interest, inflation, and risk diversification. If participants answer all three questions correctly, they are deemed to have a high level of financial knowledge and are assigned the value of 1. All others are thought to have lower financial knowledge and are assigned the value of 0. The analysis also controls for demographic and other characteristics of the children, participants, and households.[7]

Results

In light of the aforementioned research questions, Huang et al. offered the following two hypotheses: 1) both financial access and financial knowledge increase the amount of assets that participants accumulate in CDAs and 2) the association between financial knowledge and asset accumulation is stronger among treatment participants than among those in the control group. Their statistical analysis revealed the following findings:

- The relationship between financial knowledge and saving behavior differs across the treatment and control groups, which implies that financial knowledge and financial access may interact in their relationship with asset accumulation.
- The SEED OK significantly increased savings in the participant-owned accounts of about 7 percent of participants.
- Financial knowledge and the CDA intervention interact to a statistically significant degree in their effect on the assets that parents accumulate for children's postsecondary education.
- It appears that financial knowledge may have a greater influence on saving behavior than does the CDA intervention.
- Very few participants with a low level of financial knowledge make contributions in participant-owned accounts, and few control-group participants make such contributions.
- Conversely, participants with a high level of financial knowledge are 12 times more likely to make contributions than those with a low level of such knowledge.
- The authors' analysis underscores the notion that the combination of financial access and financial knowledge plays an important role in changing financial behavior.
- As witnessed by the participants in the control group, few families save without a CDA intervention. Thus, they are not future-minded enough to start saving in an OK 529 Plan account when their child is young. An implication is that the effectiveness of CDAs and other education savings programs diminishes if a family does not begin saving for a child's postsecondary education early.
- SEED OK's automatic enrollment feature and $1,000 seed deposit increase the total assets of almost all treatment participants, regardless of their level of financial knowledge.
- A key finding is that the effect of financial capability (the combination of financial literacy and financial access) is more important than the effect of either component alone.

Policy Implications

The authors suggest two policy implications based on their findings. First, the results "call for the creation of policy tools that enhance parents' financial preparation for their children's college by improving parents' financial knowledge but also by expanding their financial access." Second, "future CDAs should include program features that benefit socioeconomically disadvantaged participants and those with low levels of financial knowledge."

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* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

1 Jin Huang, Yunju Nam, and Margaret S. Sherraden, "Financial Knowledge and Child Development Account Policy: A Test of Financial Capability," *Journal of Consumer Affairs*, Spring 2013, 47(1), pp. 1–26.

2 Jin Huang, Yunju Nam, Michael Sherraden, and Margaret Clancy, "Financial Capability and Asset Accumulation for Children's Education: Evidence from an Experiment of Child Development Accounts," *Journal of Consumer Affairs*, Spring 2015, 49(1), pp. 127–155.

3 Rohit Chopra, "A Closer Look at the Trillion," *Consumer Financial Protection Bureau Blog*, August 5, 2013, available at www.consumerfinance.gov/about-us/blog/a-closer-look-at-the-trillion/.

4 See Huang, Nam, and Sherraden, 2013.

5 The authors used quantile regressions as they are more robust than linear regression in dealing with outliers. This is important because only a small proportion of each group opened and made deposits in a participant-owned account (16 percent of the treatment group and 1 percent of the control group). Thus, the distribution of assets is highly skewed.

6 Annamaria Lusardi and Olivia Mitchell, "Financial Literacy and Planning: Implications for Retirement Wellbeing, 2006," Working Paper 2006-01, Pension Research Council, University of Pennsylvania, Philadelphia.

7 These include, among others, age, race, education, marital status, employment status, household size, homeownership status, and income.

FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

National Reinventing Conference Focuses on Transformation

The seventh national biennial Reinventing Our Communities conference will explore transforming our economies in equitable and inclusive ways. This event, to be held September 21 to 23, 2016, at the Hilton Philadelphia at Penn's Landing, will highlight strategies to create places of opportunity, develop the local workforce for a global marketplace, and provide wealth and opportunity inclusively to all segments of the population. The conference is expected to draw about 500 community developers, planners, government leaders, bankers, researchers, and foundation representatives from across the country for these critical conversations.

The conference will feature some of the nation's leading thinkers who will share their insights on how to develop an inclusive, transformative economy; on how anchor institutions can catalyze change in the neighborhoods that surround them; and on how mayors believe inclusive growth can be achieved. Several Federal Reserve Bank presidents will also discuss the Federal Reserve's role in the nation's communities.

Concurrent workshops will examine a range of topics, including:

- tackling the challenges of extreme poverty for low-income households;
- addressing gentrification and neighborhood change;
- training and preparing workers for "opportunity occupations" and jobs that can support economic mobility;
- supporting disconnected youth to successfully transition after high school to employment or education;
- utilizing the strength of immigrants in communities as a part of economic development strategies;
- leveraging new sources of community development capital and expanding partnerships; and
- bridging community development and health.

The conference will also feature learning labs on resident engagement strategies and the Community Reinvestment Act. There will also be several tours, including of the Schuylkill River trail, of locations where low-cost strategies to improve the quality of life in Philadelphia are in effect, and of Mt. Airy, one of the first intentionally integrated neighborhoods in the U.S.

The Reinventing Our Communities conference is sponsored by the Federal Reserve Bank of Philadelphia. Cosponsors include the Penn Institute for Urban Research at the University of Pennsylvania and the Federal Reserve Banks of Atlanta, Boston, Cleveland, Minneapolis, New York, Richmond, and St. Louis.

See the full agenda on the conference website at www.philadelphiafed.org/roc2016 and register now. To follow us on Twitter and get conference updates, use @philfedcomdev #Reinvent2016.

For information, contact Nathaniel Borek at nathaniel.borek@phil.frb.org.

FEDERAL RESERVE BANK OF PHILADELPHIA

CASCADE: NO. 92, SUMMER 2016

Message from the Community Affairs Officer

By Theresa Y. Singleton, Ph.D., Vice President and Community Affairs Officer

Theresa Y. Singleton, Ph.D., Vice President and Community Affairs Officer

We are excited to be making preparations for our seventh biennial Reinventing conference to be held here in Philadelphia on September 21–23, 2016. As many of you may have noticed, the conference is now named Reinventing ***Our*** Communities. While the conference has been rebranded, we are still committed to engaging in efforts to support the revitalization of older industrial communities. The new name reflects our desire to promote inclusive revitalization efforts that promote more equitable growth.

This year's conference theme is *Transforming Our Economies*, and we have asked our plenary and workshop speakers to identify the ways in which local economies may need to change in order to reach their full potential. Research on economic mobility and revitalization is showing that in order to be more economically competitive, postindustrial communities must connect people, places, and capital in an inclusive way. A transformative economy encompasses multiple industries and business types and is agile and responsive to changing technology and consumer preferences. In addition, a transformative economy develops the local workforce for a global marketplace and provides wealth and opportunity inclusively to all segments of the population.

Investing in our future workforce is a key attribute of an inclusive, transformative economy. Several articles in this issue of *Cascade* highlight ways the apprenticeship model has been used to increase access to job opportunities for young people. The Barclays and the BankWork$ programs focus on connecting young people to career opportunities in the banking sector and both examine the short-term and long-term economic benefits of creating career pathways for young people. These articles and others on the topic of apprenticeships emphasize the importance of building collaborations, using effective intermediaries, and providing youth-focused financial capability training.

Through both the conference and our *Cascade* publication, the Federal Reserve Bank of Philadelphia's Community Development function is committed to sharing tools that translate knowledge and ideas into workable strategies. I hope that you will enjoy this issue of *Cascade* and will consider joining us here in Philadelphia in September.